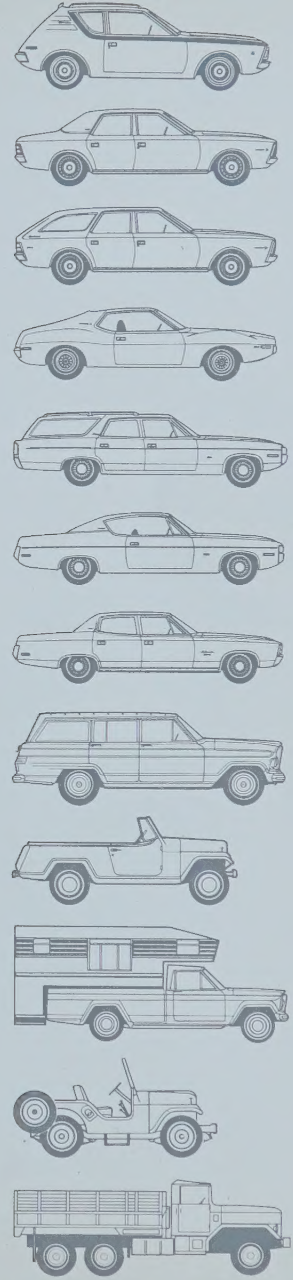
American Motors

Annual Report / 1970



American Motors Annual Report/1970

Highlights

Consolidated net sales in fiscal 1970 were $1.1 billion, compared with $737.4 million in 1969, prior to acquisition of Jeep Corporation. The net loss in 1970 was $56.2 million, or $2.28 a share, without provision for tax credit, compared with net earnings of $4.9 million, or 26 cents a share, the previous year.

Worldwide wholesale sales of American Motors passenger cars totaled 307,362 units, compared with 309,334 in fiscal 1969. For Jeep commercial vehicles, including government contract deliveries, wholesale sales were 93,171 units, compared with 99,120.

While the magnitude of 1970 losses cannot be minimized, they did not change the sales and profit objectives toward which the company's growth program is directed . . . page 2.

With the Jeep acquisition, the company became an important factor in the four-wheel-drive and government vehicle markets . . . pages 4 and 5.

New dealers were signed in 78 major markets during the year—those having planning volumes of more than 200 units annually . . . page 6.

The AMX/3, now being tested, is the first domestically designed mid-engine sports car.

To provide the fastest possible replacement parts service for owners of Jeep and American Motors vehicles, a new parts and services division was created . . . page 7.

To broaden programs in safety and emissions control, the company completed a major expansion of engineering research and development facilities . . . page 8.

The company strengthened its operating base in the automotive field with the acquisitions of Holmes Foundry, Ltd., and Windsor Plastics, Inc. . . . page 10.

International operations more than doubled in size with the acquisition of Jeep Corporation . . . page 15.

Stock Transfer Agents:

Manufacturers Hanover Trust Company
4 New York Plaza, New York, N.Y. 10015
Old Colony Trust Company
1 Federal Street, Boston, Mass. 02110
The Northern Trust Company
50 S. LaSalle Street, Chicago, Illinois 60690

Registrars:

The Chase Manhattan Bank N.A.
1 Chase Manhattan Plaza, New York, N.Y. 10015
The First National Bank of Boston
67 Milk Street, Boston, Mass. 02110
Harris Trust and Savings Bank
111 W. Monroe Street, Chicago, Illinois 60690

Independent Auditors:

Touche, Ross & Co.
1380 First National Bldg., Detroit, Michigan 48226

Dividend Disbursing Agent:

Manufacturers Hanover Trust Company
4 New York Plaza, New York, N.Y. 10015

Annual Meeting of Stockholders:

The annual stockholders' meeting is scheduled to be held on February 3, 1971. In connection with this meeting, proxies will be solicited by the management. A notice of the meeting together with a proxy statement and a form of proxy will be mailed to stockholders under separate cover on or about January 4, 1971.

Financial Highlights

Years Ended September 30 (Dollars in Thousands)	**1970** (G)	**1969**	**1968**	**1967**	**1966**
Net Sales	$ 1,089,787	737,449	761,070 (A)	651,215 (A)	749,674 (A)
Earnings—(Loss) Before Taxes on Income and Special Items	$ (56,241)	6,978	8,942 (B)	(68,726) (B)	(30,918) (B)
Per Share (D)	$ (2.28)	0.37	0.47 (B)	(3.61) (B)	(1.62) (B)
Taxes on Income—(Credit)	$ —	2,050	5,630	1,800	(15,200) (E)
Per Share (D)	$ —	0.11	0.30	0.09	(0.80)
Net Earnings—(Loss) on Automotive Operations	$ (56,241)	4,928	4,790	(66,769)	(18,032)
Per Share (D)	$ (2.28)	0.26	0.25	(3.50)	(0.94)
Net Earnings—(Loss)	$ (56,241)	4,928	11,762 (C)	(75,815) (C)	(12,648) (C)
Per Share (D)	$ (2.28)	0.26	0.61 (C)	(3.98) (C)	(0.66) (C)
Average Number of Employees	22,769	16,910	21,338	23,704	27,845
Employees Wages & Benefits	$ 252,661	179,646	202,853	215,326	230, 657
At September 30					
Working Capital	$ 76,239	102,548 (F)	80,646 (F)	33,964 (F)	55,820 (F)
Per Share	$ 3.01	5.37 (F)	4.23 (F)	1.78 (F)	2.93 (F)
Investments in Subsidiaries	$ 12,395	8,475	5,195	9,820	44,923
Property, Plant and Equipment (Net)	$ 168,196	119,243	106,431	137,636	151,092
6% Convertible Subordinated Debentures	$ 34,788	35,000	—	—	—
Stockholders' Equity	$ 203,423	204,005	190,570	178,796	254,601
Per Share	$ 8.02	10.69	9.99	9.37	13.35
Capital Shares Outstanding	25,351,118	19,078,544	19,067,764	19,066,464	19,065,464
Number of Stockholders (approximately)	169,000	163,000	155,000	155,000	185,000

Notes:

A Net sales are stated in terms of automotive operations, only, giving effect to the discontinuance of appliance operations during 1968.

B Includes amounts attributable to the operations of appliance division sold in 1968 and Redisco, Inc., sold in 1967.

C After special credit (charge*) of $8,450,000 ($.44 per share) in 1968; $5,289,178* ($.28* per share) in 1967; and $3,070,000 ($.16 per share) in 1966.

D Earnings and taxes per share above are based on the average capital stock and capital stock equivalents outstanding.

E The taxes on income are stated after investment credit applicable to United States taxes of $647,088 in 1966. Investment credit in 1967, 1968 and 1969 was not material.

F Working capital restated to reflect reclassification of certain amounts from current to noncurrent.

G 1970 includes data of Jeep Corporation and other acquired subsidiaries since dates of acquisition.

To Our Stockholders

American Motors recorded a substantial loss in fiscal 1970. However, this should not be allowed to obscure the fact that several important moves were completed during the year—the results of which will be felt in 1971 and years to come.

The magnitude of the fiscal 1970 losses cannot be minimized, but we want to emphasize that the sales and profit objectives toward which our growth program is directed have not been altered. As previously reported, the company has returned to a profit position since the new fiscal year began. We expect to record a profit for the first quarter, which ends December 31, even though the lengthy strike against General Motors Corporation made the economic outlook more uncertain than it would otherwise have been.

One key factor put into place in 1970 was the acquisition of Jeep Corporation, an organization with sales exceeding $400 million. American Motors gained entry into one of the strongest markets of this decade, recreational vehicles, as well as the military truck and special purpose vehicles market. The company became a sizeable supplier of vehicles to the government — an area in which American Motors had previously been a very minor factor, with a few passenger car sales.

Another basic element was a product development program that would be ambitious for a company several times the size of American Motors. With the new passenger cars introduced for 1971, combined with those introduced the previous year, the company has developed in a short period of time a product lineup which is sound and in some important respects, innovative. Positioning in the market place is completely responsive to current and anticipated future buyer preferences.

The assimilation of Jeep into American Motors is being carried out quickly and effectively. Yet, the transitional problems that normally accompany major corporate marriages served to add to the past year's losses.

However—and this we also want to emphasize—Jeep can be and will be a major profit contributor to American Motors. At the end of fiscal 1970, we were turning the corner; Jeep as a whole was operating profitably in the fourth quarter.

There are a number of reasons why Jeep has considerable potential. Its commercial vehicle lines are well engineered and well known. What has been lacking to a degree is the kind of complete program our combined companies are now in a position to carry out—research to gain specific market information, then product development and aggressive merchandising and sales programs based on realistic assessments of what buyers of four-wheel-drive vehicles require.

Jeep costs have received primary attention since completion of the acquisition, and progress has been noteworthy.

We have made Jeep more competitive in pricing. For 1971, reductions ranging from $95 to $110 were made on some Jeep vehicles. Over-all, increases for the full line were held to an average 2.9 per cent.

The General Products Division, which currently produces government vehicles, has some of the most modern facilities in the automotive industry and an experienced organization with a high degree of engineering and manufacturing skills.

The division's $360 million backlog of contracts already reflects lower government budgets, which minimizes the possibility of cancellations.

In the passenger car market in 1971 and the years beyond, particular emphasis will be on smaller, lower-priced cars. This is where our product development has been concentrated. We have geared our operations to operate profitably in this kind of market at volume levels the company can reasonably expect to achieve.

With the Gremlin, Hornet and new Sportabout, all cars conceived, developed and introduced over the past three years, we believe the company is well set in the subcompact and compact segments, on which so much attention has been focused in recent months. In terms of value and price, these cars are vigorously competitive — as are all other models in our 1971 lines.

Since introduction of the Gremlin last April, the company has been getting a significant number of younger buyers, and drivers of other makes, into its showrooms. Most of these people had never before considered American Motors. As this year unfolds, and in the long run, this may well turn out to be the most important accomplishment of the programs carried out before and during 1970.

In reviewing fiscal 1970, the impact of the major strike which closed our plants for five weeks in October and November looms very large. The measurable costs alone were severe, in terms of lost production and sales. The loss of market momentum at a critical time, as 1970 models were being introduced, may well have been even more costly.

It is always difficult to regain momentum in the face of vigorous competition. In 1970, the company also faced a depressed car market and perhaps the most severe cost-price squeeze ever experienced by the auto industry, which saw costs escalate well beyond anticipated levels reflected in 1970 car prices.

To work our way out of these problems, we intensified expense controls, eliminating those costs not essential to the immediate future, while at the same time increasing our marketing effort. In the first six weeks of the 1971 model year, retail sales of passenger cars were the highest in five years.

Our sales objective for fiscal 1971 is to move domestic passenger car volume to the 300,000 unit level. We feel this is a fully realistic goal; it involves increasing our market share only slightly above what it was last year. This assumes a total 1971 domestic market exceeding 9.2 million units, after considering effects of the General Motors strike. There seems little question that market tempo will pick up as labor problems are resolved.

With the tremendous changes that have been made in the past three years—internally and externally—American Motors enters the 1971 year as virtually a new company in the world transportation picture.

We are not underestimating the challenges that lie ahead in meeting competitive pressures within the automotive industry as well as pressures of social change coming from without the industry. However, the company has a strong organization and a well-defined growth plan, which we will continue to implement aggressively.

Roy D. Chapin Jr.
CHAIRMAN

William V. Luneburg
PRESIDENT

North American Operations

Hornet compacts and Gremlin subcompacts on the assembly line in Kenosha, Wisconsin.

Passenger Cars

Key objectives of the company's product development program have been to position its passenger cars in growth segments of the market and to provide the features which buyers in each of the segments have demonstrated are most important in their purchase decisions.

The 1971 car lines blanket the small car market—from standard size cars to subcompacts; and since the mid-1960's, these have been the growth segments of the market.

From a 46 per cent share of the domestic market in 1965, sales of below standard size cars rose to account for 56 per cent in the 1970 model year. Market research projections indicate that they will claim 60 per cent of total new car sales by 1975. This will translate into about 6 million units, with the 1975 domestic market expected to total about 10 million.

Compacts and subcompacts will be the fastest-growing segments of the market in the years ahead. Including imports, they are expected to reach volume of almost 3 million units by mid-decade. The company is represented here by the Hornet, including the new Sportabout model, and the Gremlin.

Sporty cars will remain a substantial market factor, although volume will be down from the peak reached in the 1960's. The projection is for 1975 sales of about 600,000 units. Here the company is represented by the Javelin and Javelin/AMX.

Intermediate size cars should be the largest single segment of the domestic car market in 1975, with projected sales of 2.3 million units. Here the company is represented by the Matador at the lower end of the segment and by the Ambassador at the high end.

In combination with market positioning, the company has moved aggressively toward its second basic objective in product development—that of being an innovator in the small car market; of developing styling which is different, if not controversial; of providing the leading values in every market segment.

Commercial and Utility Vehicles

With the acquisition of Jeep Corporation, American Motors became an important factor in the four-wheel-drive market, which has grown by almost 500 per cent in the past decade, to approach 140,000 units annually. This growth is expected to continue, or even accelerate, during the 1970's.

In the 1970 model year, Jeep retail sales were 30,000 units, or approximately 20 per cent of the four-wheel-drive market. This is down from the share Jeep had in the early '60's, when there were fewer competitive entries; however, it provides a sizeable base from which to re-establish Jeep as the sales leader.

A new product development group was formed in 1970, with the assignment of bringing to Jeep commercial and utility vehicle lines the same innovative techniques that have been applied to passenger cars—based on specific requirements of the four-wheel-drive market.

Long range, the aim is to develop vehicles that are completely new to Jeep. Improvements in the current product line are scheduled for 1971.

Jeep led the way in creating the four-wheel-drive market after World War II, and there are now more Jeep vehicles

on the road world-wide than those of any competitor—about 600,000 registrations in the United States alone.

General Products Division

American Motors has gained a strong, profitable position in the government vehicle market, as well as opportunity to expand into a variety of other vehicle markets which are new to the company.

The production of government vehicles —currently including 2½ and 5-ton trucks and quarter-ton delivery vehicles—is carried out by the General Products Division, which was formed in February, shortly after the acquisition of Jeep Corporation. It assumed former government contract functions of Jeep and also has been assigned the broader objective of diversifying into non-governmental fields.

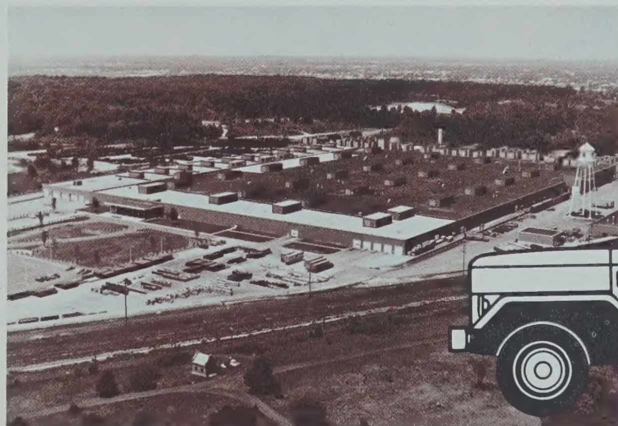
At the time it became a part of American Motors, the General Products Division was already recognized as the world's largest producer of tactical wheeled vehicles—a position gained under the rigorous conditions of competitive government contract bidding. During the 1960's, the division developed the facilities and the manufacturing and engineering capabilities that enabled it to become consistently a profit-making low bidder. Sales volume climbed past the $200 million mark, and in fiscal 1970 approached $250 million.

Over a decade, including 1970, the division obtained competitive contracts worth about $2 billion. New business secured in fiscal 1970 totaled $259.6 million, and on September 30, the backlog of contracts stood at $363 million.

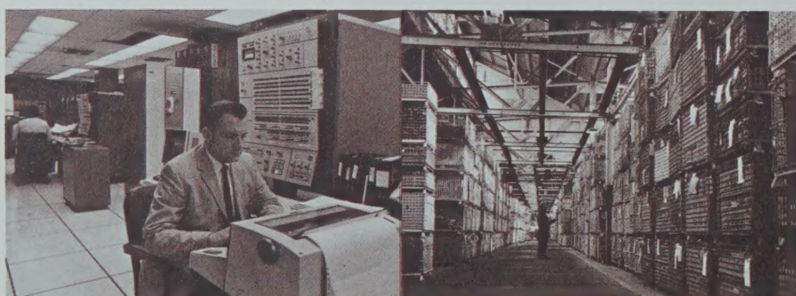
In 1970, there were three important product developments:

- Development of a new quarter-ton delivery vehicle—the Dispatcher 100—for the Post Office Department. The division secured the largest single contract ever awarded by the Post Office Department—for $45.7 million.
- Development of a 1¼-ton truck in response to new performance specifications established by the army. Several prototypes were delivered to the army for evaluation, which could lead to a substantial production contract.
- A new 5-ton truck with an improved commercial Diesel engine.

Top: Quarter-ton delivery vehicles for the Post Office Department await delivery from the General Products Division.
Bottom: The main plant at South Bend, Indiana, is one of four General Products Division facilities which together have more than 2½ million square feet of manufacturing space.



Top: The General Products Division manufactures 2½ and 5-ton trucks on government contract. Center: Completed Jeep commercial vehicles come off the assembly line at Toledo, Ohio. Bottom: Orders from the company's central parts warehouse in Milwaukee are processed through a nation-wide computer network.



Marketing

The process of integrating Jeep and American Motors marketing and sales functions is being conducted so as to gain the maximum potential of both organizations. A basic move was the combination of these functions for both passenger cars and Jeep vehicles under a single vice president, supported by experienced sales management.

Research has shown that buyers under 35 years of age now purchase half of all cars sold below standard size. By 1975, according to forecasts, almost two-thirds of these cars will be sold to people under 35. Thus, merchandising and advertising appeals have been designed with younger buyers in mind.

Complete marketing programs have been developed for use by dealers, encompassing all phases of selling, advertising and merchandising. At regular intervals, new promotional material is being sent to dealers, including objectives, selling ideas, market data and competitive product information.

A nationwide study of the 100 largest automotive markets was conducted during 1970 to pinpoint areas for future retail growth and identify gaps in the company's distribution system. During the past year, 78 new dealers were signed in locations having volume potential of more than 200 units annually. At year end, there were 2,293 American Motors dealerships and 1,621 Jeep dealerships in the U.S. The number of dealerships handling both American Motors passenger cars and Jeep vehicles totaled 389, an increase of 227.

The corporate identity program, begun in 1969, has been installed in 100 of the largest dealerships and new signage installed in 300 smaller dealerships, including the first Jeep dealerships. This program will be expanded during the coming year and the new "A" mark also applied to parts packaging, facilities and vehicles (see picture of service van on page seven).

The ultimate objective of this program is to tie together products, promotions, facilities and dealers under one banner —around the world.

Quality and Service

Constantly improved product quality, easier repairability and satisfactory service have top priority at American Motors. The company can meet its growth objectives and achieve a stronger competitive position in the automotive industry only with products that are known for quality and repairability, and with service policies which demonstrate a basic concern for the needs and expectations of the motoring public.

The company utilizes a systems approach to quality, developed for passenger car operations and now being applied to Jeep manufacturing.

This approach is that quality is a total concept, involving more than checks at the end of an assembly line, or modern manufacturing techniques and facilities.

It originates with the product idea and then must be carried through the full development process, with specific quality objectives established for engineering, manufacturing, quality control and service—and constant performance audits conducted.

The 1971 product lines reflect the progress made in the matter of easier and less-costly repairability. The compact Hornet and the subcompact Gremlin both include a variety of features which were developed with fast, easy servicing specifically in mind. These include easily-removable fenders, grille, headlamps, instrument clusters, locks and latches, more accessible engine parts and fuses, and key parts that can be quickly adjusted if necessary.

Steps were taken to drastically reduce low-speed impact damage. For example, costs resulting from either a front end or rear end collision at low speeds in a 1971 Ambassador have been reduced from 1969 levels by two-thirds.

Training of dealer mechanics is accomplished with a fleet of seven vans which serve as completely equipped traveling classrooms, staffed by expert instructors. Two new 40-foot units, capable of training 16 mechanics at a time, were added to the fleet during 1970. The vans now travel about 75,000 miles a year, and more than 50,000 specific courses have been completed by dealer servicemen since the program began.

Additionally, the company continued the special advanced training program for dealer service managers, conducted by the faculty of Northwood Institute.

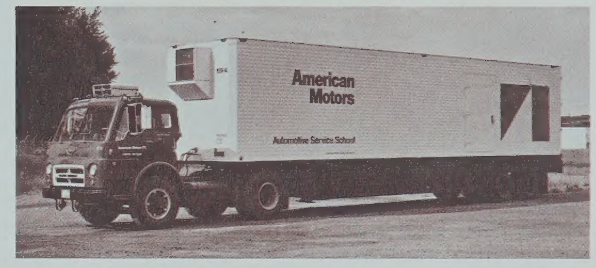
Parts and Distribution Services

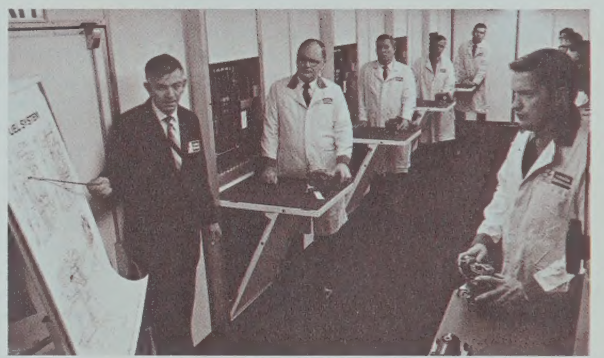
To provide the fastest possible replacement parts service for owners of Jeep and American Motors vehicles, the company created during 1970 a new parts and distribution services division.

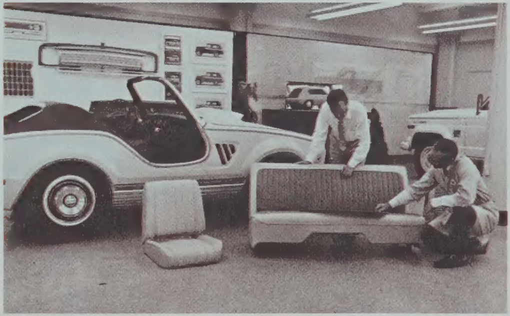
Parts supplies are controlled by electronic computers which automatically dial zone and regional offices via Dataphone and take parts orders prepunched on tapes.

In addition to this function, the division will pursue other profit opportunities in the automotive aftermarket. It is responsible for sales of special equipment for Jeep vehicles, including snow removal and towing equipment and winches, as well as marine and passenger car engines and components. A separate department will sell distribution services to other corporations, including order processing, inventory control, invoicing, sales reporting and warehousing services.

Top: Two 40-foot vans were added during 1970 to the company's fleet of traveling classrooms for dealer mechanics. Bottom: Design proposals for future commercial and recreational vehicles are developed in a new Jeep styling studio in Detroit (left). The advance styling area is a key part of a substantially expanded styling and product planning center for passenger cars.







Safety, Exhaust Emissions and Allied Research

The company has completed a major expansion of its engineering research and development facilities, including a new 20,000-square-foot safety research center and an emissions test laboratory encompassing 15,000 square feet.

The safety center includes a wide range of sophisticated test devices, with which many types of vehicle collision effects can be simulated. Several key test fixtures were designed by company engineers, including a massive roof crush machine, a device resembling a powerful battering ram for door strength tests and a high-speed pneumatic impact machine. An electronic data retrieval system permits rapid computer analysis of test results.

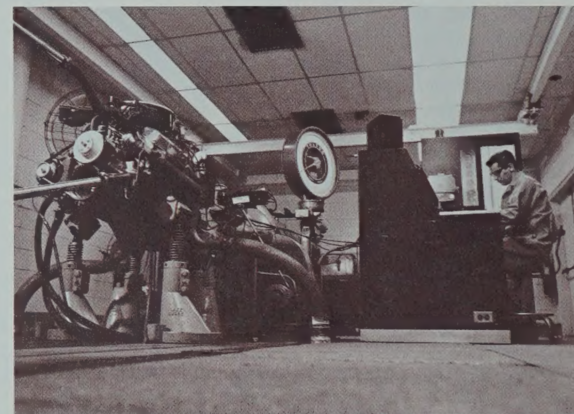
Emissions test equipment includes programmed dynamometer units which can automatically operate an automobile on a test stand according to a predetermined driving route, with precise control of operating conditions for maximum test reliability.

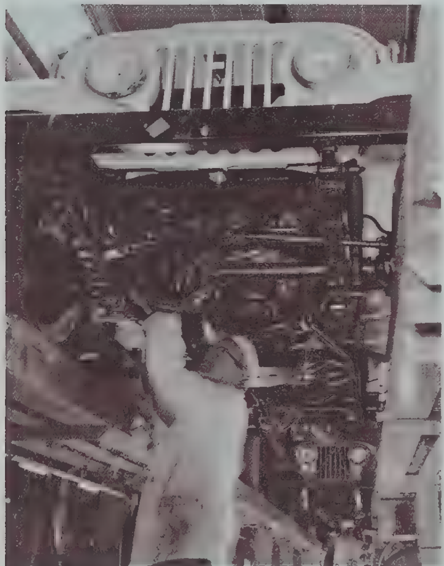
Results of continuing research and engineering effort are evident in the 1971 car lines, including advances that go beyond those required by legislation.

Javelin models feature the advanced Chemcor safety windshield and a "guard rail" structure inside the door to protect passengers in the event of side collisions. Various other improvements, not visible but important, have been made in braking, steering and suspension systems. A new three-point seat belt and shoulder harness was developed for more convenient use.

With the exception of one new high-compression engine, all engines were designed to operate efficiently with low-lead, lower-octane fuels. All engines have improved exhaust control systems, a positive crankcase vent system and a fuel tank vapor emission control system.

Wide-ranging research is conducted to reduce emissions from the internal combustion engine, including work on advanced systems such as afterburners and catalytic converters. Other types of propulsion systems are also being investigated, and a Gremlin powered by natural gas (bottom right) was extensively tested during 1970.



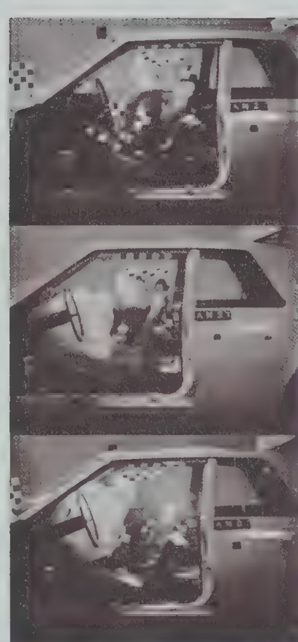


Current emissions research is centered on the internal combustion engine. Substantial progress has already been made. Five 1971 American Motors cars, run in a closed room for an hour, produce no more harmful hydrocarbons than one car would have produced 10 years ago under similar conditions. Carbon monoxide emissions have been reduced 65 per cent from pre-control levels.

To further reduce emissions from the internal combustion engine, the company is presently concentrating upon development of advanced modifications, including exhaust reactors, or afterburners, and catalytic converters. A major technological problem is that known materials which might be used in these systems lack durability or are extremely expensive.

Work on other types of propulsion systems has continued over a period of more than 10 years. Investigations have included the rotary engine, electric cars, steam cars, natural gas.

During 1970, the company worked with a battery supplier on an electric car project and with the University of California in San Diego on steam car development. Additionally, a Gremlin powered entirely by natural gas was extensively tested.



Top: Inspectors give final check to Jeep vehicles on a "super safety line." Left: Tests at the company's proving grounds have resulted in a substantial reduction of low-speed impact damage. Right: Safety research includes passive restraint systems such as "air bags."

Diversification and Expansion

In addition to the major step which brought Jeep Corporation to American Motors, the company strengthened its operations base in the automotive field during fiscal 1970 with the acquisitions of Holmes Foundry, Ltd., of Sarnia, Ontario, and Windsor Plastics, Inc., of Evansville, Indiana.

Holmes Foundry, in which American Motors had owned a 25 per cent interest since 1966, became a wholly-owned subsidiary through an exchange of stock. Holmes has supplied blocks for American Motors and Jeep engines, and serves other companies in the automotive and agricultural implement industries.

Windsor Plastics, also purchased through an exchange of stock, manufactures precision injection moldings with high-quality, decorative finishes.

Construction of a new plant for the company's Stratford, Ontario, subsidiary, Canadian Fabricated Products, Ltd., was also begun in 1970. It will increase production capacity for automotive soft trim parts, such as upholstery and inside door panels. The present plant is producing about 50 per cent of those parts required by American Motors' domestic and Canadian assembly plants.

A major benefit of these moves is to further integrate the company's operations and thereby lessen the effect of outside cost pressures.

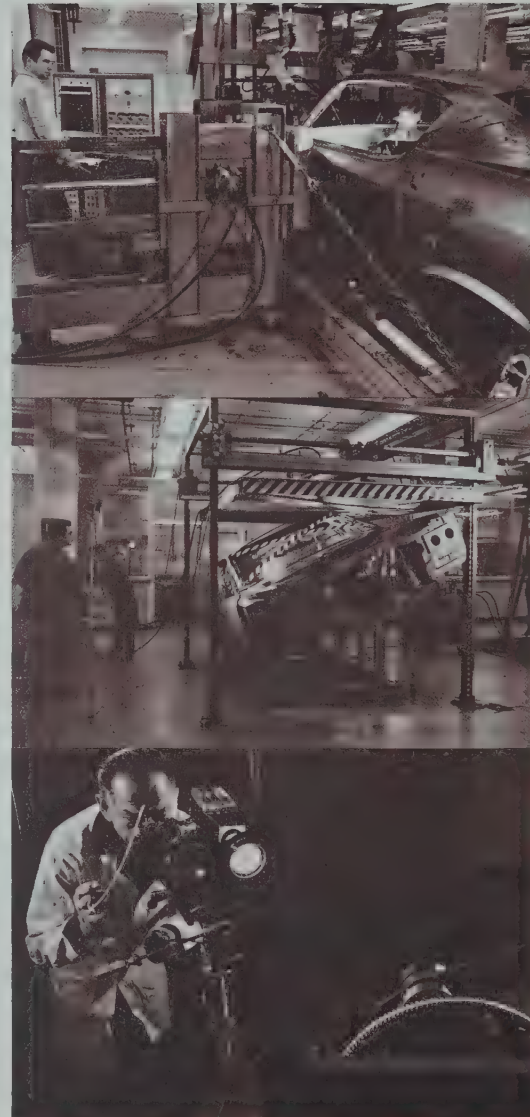
People and Policies

Three new members were elected to the board of directors in 1970. They are: Stephen A. Girard, senior vice president and director, Kaiser Industries Corporation, Oakland, California; Roy E. Hughes, executive vice president, Kaiser Industries Corporation, Oakland, California; Andrew G. C. Sage II, president of the investment banking firm of Lehman Brothers Incorporated, New York City.

The company recorded with deep regret the death of Harcourt Amory, who had served as a very active and valuable member of the board of directors for almost 13 years.

In major executive appointments, R. William McNealy was named vice president—marketing for both passenger cars and Jeep commercial vehicles; Cruse W. Moss, president of the General Products Division, was elected a vice president of American Motors.

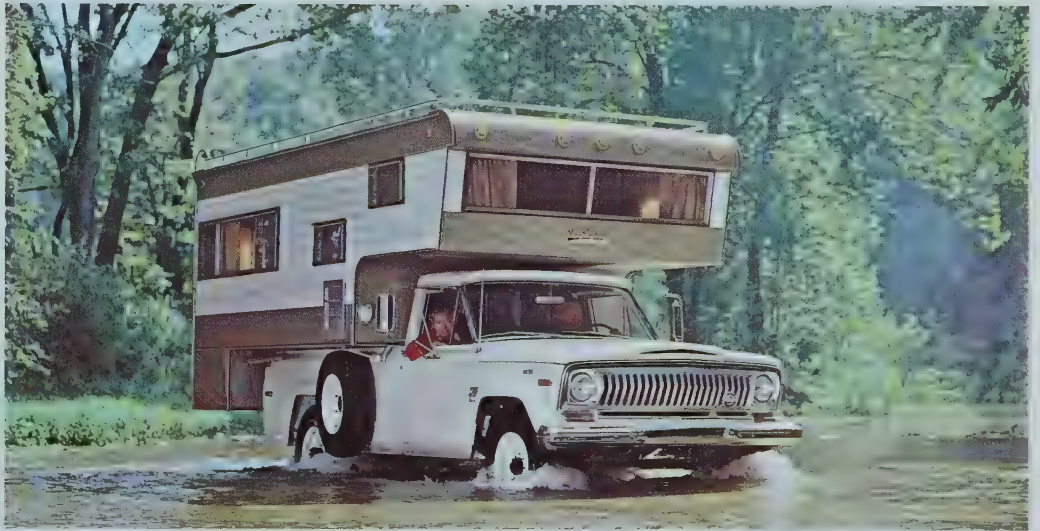
At year end, more than 2,500 members of minority groups were employed by American Motors, representing 11 per cent of the company's total U.S. employment. The firm policy is to provide job opportunities for all qualified applicants regardless of age, race, sex, creed or national origin. Training and educational opportunities are available to all employees on an equal basis.



Continuing research and engineering effort is concentrated on improving the safety and quality of American Motors products.

Jeep Vehicles for 1971

... for fun and family



The Jeep Wagoneer (top) provides a combination of off-road capability, comfort and luxury that makes it the closest thing yet to an all-purpose vehicle. Engineered exclusively for Jeep four-wheel drive, the Wagoneer has many features associated with luxury automobiles.

The Jeep Gladiator is a pick-up truck totally designed and engineered for four-wheel drive. As a result, it will take payloads to places that are inaccessible to conventional vehicles. The model shown is specially designed to handle large camper units both on the highway and under the demanding conditions of off-highway use.

The 1971 American Motors passenger car lines are substantially changed from those offered by the company only two years ago. Five new or redesigned cars have been introduced in that time span, as the company carried out an aggressive program to develop a model lineup offering leading values and distinctive styling throughout the small car market —from standard size cars to subcompacts.

American Motors Car Lines for 1971

...*leading values and distinctive styling*

The five car lines for 1971 are represented in this group picture, with eight of 23 models shown. Clockwise from the lower left:

- **Javelin SST** hardtop, with all-new styling in the European tradition. The interior is highlighted by a curved cockpit-type instrument panel. Design and safety features include door guard rails and "Chemcor" safety windshield.

- **Ambassador Brougham,** the top-of-the-line model. All Ambassadors feature both air conditioning and automatic transmission as standard equipment. Appointment levels are comparable with the high-line intermediates and standard size cars with which the Ambassador competes. Shown is the four-door sedan.

- **Javelin/AMX,** a special version of the Javelin with styling and features of a Trans-Am racer, for those who want a car with the performance look.

- **Matador** station wagon, one of three models in the new intermediate car line. The intermediate market, which accounts for approximately 2.5 million new car sales a year, emphasizes value and economy. The Matador line is designed to meet these requirements with a combination of styling, interior room, safety and moderate price.

- **Hornet,** which combines utility and trimness with the performance capability that many car buyers want in a compact, economy car. This is a two-door model.

- **The Gremlin,** introduced in April, 1970, and the first U. S. developed subcompact car. A market success, the Gremlin was carried over for 1971 with only minor interior changes. The distinctive exterior styling is unchanged. The Gremlin's competitive advantage is economy plus stability and acceleration under highway driving conditions. The standard engine for 1971 is a 135-horsepower, 6-cylinder which offers up to 25 miles per gallon of gasoline.

- **The Sportabout,** an all-new entry in the Hornet line. Combining the utility of a station wagon with the styling of a sporty car, it is America's lowest priced four-door wagon.

- **The Matador hardtop,** whose 118-inch wheelbase is the longest among all cars in its intermediate class, and four inches longer than that of the company's 1970 entry in this market segment, has gained popularity with families as well as national fleets and rent-a-car companies.

Jeep Vehicles for 1971

. . . for adventure and durability

The Jeepster Commando (top) gives four-wheel drive buyers the choice of three body styles—roadster, station wagon or pick-up—plus a variety of options, including air conditioning. It combines the traditional toughness of Jeep vehicles with flexibility to meet a wide variety of transportation needs.

The Jeep Universal is the one of which legends have been made — a direct descendant of the vehicle that probably did more crucial jobs for more people under more trying conditions than any other in automotive history — the Jeep model of World War II. It is used in agriculture, by sportsmen, building contractors, service station operators, forest rangers—in every situation where ruggedness and maneuverability are required, on and off the road. It has won more off-road racing and endurance events than any other four-wheel-drive vehicle.

International Operations

With the acquisition of Jeep Corporation, the company's operations in overseas markets more than doubled in size. However, the combination of American Motors and Jeep seems even more significant in the light of future opportunity.

At the Paris Auto Show, the vice president of international operations, Marius A. van Merkensteijn, placed some measure on this opportunity with a forecast for the 1971 model year.

Top: Jeep vehicles begin the trip to markets overseas: Bottom: The subcompact Gremlin was introduced internationally at the Geneva Auto Show.

Predicting a sales increase of 20 per cent or more, he said:

"Sales of built-up cars to overseas markets in 1970 increased by nearly 25 per cent over the previous year, and we expect this trend to continue. In all, the International Division expects to sell upwards of 55,000 passenger cars and Jeep commercial vehicles in the 1971 model year, including knocked-down units destined for assembly overseas."

Jeep brought to the company's International Division assembly and manufacturing operations in nations stretching from the South Pacific to South America. This increased to 29 the number of foreign countries in which American Motors products are now produced, including three key markets — Argentina, Mexico and Iran—where American Motors and Jeep had established joint manufacturing and distribution facilities prior to the acquisition.

Jeep is solidly positioned in many market areas where American Motors has not been represented, or where there is considerable room for expansion. For example, in such important markets as India, Turkey, Korea and Formosa, American Motors had been restricted because of not having a commercial vehicle line.

As a result of substantial expansion, the 1970 year was of necessity a period of reorganization and consolidation of responsibilities for the International Division. International marketing activities for both passenger cars and Jeep vehicles were placed under the supervision of Alan F. Bethell, who was appointed divisional vice president-marketing, reporting to the vice president of international operations. Mr. Bethell is experienced in overseas markets, having previously served the company as director of automotive export sales.

Consolidated Balance Sheets

(Dollars in Thousands)

Assets	Sept. 30, 1970 (Note B)	Sept. 30, 1969
Current Assets:		
Cash	$ 10,732	$ 7,602
Marketable securities—at cost and accrued interest (approximately market)	11,427	61,703
United States Government receivables (Note D)	31,870	401
Notes and accounts receivable, less allowance of $700 in 1970 for doubtful accounts	64,774	43,714
Accounts receivable from affiliated companies	9,569	12,412
Inventories—at lower of cost (first-in, first-out method) or market (Note D)	202,286	107,539
Prepaid expenses	4,933	3,385
Total Current Assets	$335,591	$236,756
Investments and Other Assets:		
Investments in and advances to unconsolidated subsidiaries (Note C)	$ 12,395	$ 8,475
Miscellaneous advances and investments, less allowance of $2,616 in 1970 for possible future losses	20,575	12,306
Total Investments and Other Assets	$ 32,970	$ 20,781
Property, Plant, and Equipment—at cost, less accumulated depreciation and amortization:		
Land	$ 6,859	$ 4,592
Buildings and improvements	96,346	53,236
Machinery and equipment, including tools and dies	226,809	181,214
	$330,014	$239,042
Less accumulated depreciation and amortization	161,818	119,799
Total Property, Plant, and Equipment	$168,196	$119,243
Unamortized Debt Expense (Note E)	7,651	8,225
Goodwill Arising from Acquisitions (Note B)	2,210	
	$546,618	$385,005

Liabilities and Stockholders' Equity	Sept. 30, 1970 (Note B)	Sept. 30, 1969
Current Liabilities:		
Short-term bank borrowings (Note D)	$ 29,759	
Accounts payable	169,099	$ 92,814
Salaries, wages, and amounts withheld from employees	13,323	6,781
Property, excise, and other taxes	13,675	9,494
Interest	1,786	997
Other accrued expenses	22,680	18,411
Taxes on income	5,669	5,711
Current portion of long-term debt	3,361	
Total Current Liabilities	$259,352	$134,208
Long-term Liabilities (Note E):		
6% Convertible Subordinated Debentures	$ 34,778	$ 35,000
8½% Serial Notes	7,595	
Miscellaneous notes and mortgages	2,625	
Other liabilities	38,845	11,792
Total Long-term Liabilities	$ 83,843	$ 46,792
Stockholders' Equity (Notes B, E, and F):		
Capital Stock, par value $1.66⅔ a share:		
Authorized 40,000,000 shares in 1970		
Issued—25,554,351 shares in 1970	$ 42,591	$ 32,136
In treasury—203,233 shares in 1970	339	338
Outstanding—25,351,118 shares in 1970 and 19,078,544 in 1969	$ 42,252	$ 31,798
Additional paid-in capital	103,782	58,577
Earnings retained for use in the business:		
Balance at beginning of the year	$113,630	$108,702
Net earnings (loss*) for the year	56,241*	4,928
Balance at end of the year	$ 57,389	$113,630
Total Stockholders' Equity	$203,423	$204,005
	$546,618	$385,005

See notes to financial statements.

Consolidated Statement of Operations

American Motors Corporation and Consolidated Subsidiaries

(Dollars in Thousands)

	Year Ended September 30 1970 (Note B)	1969
Revenues:		
Net sales (1970 includes sales of $390,000 by companies acquired in 1970)	$1,089,787	$737,449
Other income	8,429	11,005
	$1,098,216	$748,454
Costs and expenses:		
Cost of products sold, other than items below	$ 967,868	$603,021
Selling, advertising, and administrative expenses	121,942	91,382
Amortization of tools and dies	30,606	23,893
Depreciation and amortization of plant and equipment (Note J)	12,709	10,335
Cost of pensions for employees (Note H)	15,386	10,650
Interest	5,946	2,195
	$1,154,457	$741,476
Earnings (Loss*) Before Taxes on Income	$ 56,241*	$ 6,978
Taxes on income (Note G)		$ 2,050
Net Earnings (Loss*)	$ 56,241*	$ 4,928
Earnings (loss*) per share (Note K)	$ 2.28*	$ .26

See notes to financial statements.

Consolidated Statement of Sources and Applications of Working Capital

American Motors Corporation and Consolidated Subsidiaries

(Dollars in Thousands)

	Year Ended September 30 1970	1969
Sources of Working Capital:		
From operations:		
Net earnings (loss*)	$ 56,241*	$ 4,928
Amortization of tools and dies	30,606	23,893
Depreciation and amortization of plant and equipment	12,709	10,335
Amortization of debt expense	523	525
From Operations	$ 12,403*	$ 39,681
Working capital of acquired companies at dates of acquisition (Note B)	44,749	
Proceeds from issuance of 6% Convertible Subordinated Debentures		34,650
Proceeds from issuance of shares of Capital Stock		107
	$ 32,346	$ 74,438
Applications of Working Capital:		
Acquisition of subsidiaries (Note B)	$ 10,259	
Additions to property, plant, and equipment (including tools and dies), less disposals	41,055	$ 47,040
Miscellaneous	7,341	5,496
	$ 58,655	$ 52,536
Net Increase (Decrease*) in Working Capital	$ 26,309*	$ 21,902
Working Capital at Beginning of the Year (Note L)	102,548	80,646
Working Capital at End of the Year	$ 76,239	$102,548

See notes to financial statements.

Consolidated Statement of Additional Paid in Capital

American Motors Corporation and Consolidated Subsidiaries

(Dollars in Thousands)

	Year Ended September 30 1970	1969
Balance at beginning of the year	$ 58,577	$ 50,088
Excess of market value ($55,492) over par value of 6,254,413 shares of Capital Stock issued in acquisitions (Note B)	45,068	
Excess of net carrying amount of 6% Convertible Subordinated Debentures over par value of 18,499 shares of Capital Stock issued on conversion (Note E)	141	
Value ascribed to Warrants and conversion feature of 6% Convertible Subordinated Debentures (Note E)		8,400
Excess of option price over par value of 10,780 shares of Capital Stock issued under stock option plans		89
Excess of cost over par value of 338 shares of treasury stock acquired (decrease*)	4*	
Balance at end of the year	$103,782	$ 58,577

See notes to financial statements.

Notes to Financial Statements

Year ended September 30, 1970

Note A—Operations

As indicated in the accompanying financial statements, the Company incurred a substantial operating loss for the year ended September 30, 1970. The financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern. The nature of the Company's future operations will depend upon its ability to operate profitably and on the availability of such financing as may be required (reference is made to Note D — Short-term Bank Borrowings). The Company operated profitably during October 1970.

The Company's agreements with the unions involved in passenger vehicle operations expired on October 16, 1970, and have been extended on a day-to-day basis, pending the negotiation of new contracts. The outcome of these negotiations will have an important effect on future operating results.

Note B—Acquisitions

During the year ended September 30, 1970, the Company made the following acquisitions:

Jeep Corporation, a manufacturer of four-wheel drive vehicles and heavy-duty military trucks, was acquired on February 5, 1970, effective as of October 1, 1969. The purchase consideration was $10,000,000 in cash, $9,493,482 in 8½% Serial Notes, and 5,500,000 shares of the Company's Capital Stock for a total purchase price of $70,213,732.

Windsor Plastics, Inc., a manufacturer of precision injection moldings, was acquired on September 2, 1970. The purchase consideration was 490,000 shares of the Company's Capital Stock for a total purchase price of $3,272,597.

Holmes Foundry Ltd. is a manufacturer of automotive castings in which American Motors previously held a 25% interest. The remaining 75% interest was acquired on September 1, 1970. The purchase consideration was 264,413 shares of the Company's Capital Stock for a total purchase price of $1,757,736.

These transactions have been accounted for by the purchase method and, accordingly, the operations of these companies have been reflected in the financial statements from the effective dates of acquisition. Under the purchase method of accounting, the total purchase price is assigned to net assets acquired based upon their estimated value. The unallocated excess of purchase price over the net assets acquired in these transactions amounts to approximately $2,210,000 and is not being amortized since there is no anticipated diminution of value.

Total 1970 revenues include approximately $390,000,000 from companies acquired during the year. The acquisitions had a negligible effect on operating results.

Pro forma results of operations reflecting the operations of the acquired companies as though they had been combined as of October 1, 1968, are as follows:

	Year Ended September 30	
	1970	1969
	(Dollars in Thousands)	
Total revenues	$1,095,274	$1,230,310
Net earnings (loss*) . .	55,797*	8,256
Earnings (loss*) per share	$2.20*	$.33

Note C—Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its United States and Canadian subsidiaries other than a finance company and retail automotive outlets. Current assets and liabilities of the Canadian subsidiaries have been included in the balance sheets at the prevailing rates of exchange at September 30 and property, plant, and equipment have been included at the approximate United States dollar cost at date of acquisition.

The investments in unconsolidated subsidiaries are stated at equity in net assets of such subsidiaries (after appropriate conversion of foreign assets and liabilities and inclusion of related adjustments in operations). The Company's equity in net earnings of unconsolidated subsidiaries, other than retail automotive outlets, was approximately $1,040,000 in 1970 and $612,000 in 1969 and is included in other income. The expenses incurred with respect to retail automotive outlets are classified as selling expenses.

Note D—Short-term Bank Borrowings

Jeep Corporation, a wholly owned subsidiary, has a Credit Agreement which provides for maximum borrowings of $25,000,000 to December 31, 1970, with interest at ½ of 1% above the current prime rate. At September 30, 1970, $25,000,000 was outstanding under this Agreement, and accounts receivable and inventories which have a carrying amount of approximately $50,000,000 and certain other assets have been pledged as security for the borrowing. The Credit Agreement contains various restrictive covenants relating to maintenance of minimum levels of working capital and net worth, payment of dividends, additional indebtedness, and other matters. Management expects a renewal of this Agreement.

American Motors Corporation also has a Credit Agreement which provides for maximum borrowings of $25,000,000 to December 31, 1970. There were no borrowings under the American Motors Credit Agreement during the year, and the various restrictive covenants of this Agreement are such as to prevent borrowings thereunder after September 30, 1970. American Motors intends to enter into new financing arrangements.

Note E—Long-term Liabilities

6% Convertible Subordinated Debentures and Stock Purchase Warrants:

During the 1969 fiscal year the Company issued $35,000,000 principal amount of 6% Convertible Subordinated Debentures due October 1, 1988, with detachable Stock Purchase Warrants for the purchase of 875,000 authorized but unissued shares of the Capital Stock of the Company. The Warrants are exercisable at any time on or before October 1, 1976. At September 30, 1970, 3,773,166 shares of Capital Stock were reserved for the possible conversion of the Debentures and exercise of the Warrants at a conversion and exercise price of $12 for each share of Capital Stock. An aggregate value of $8,400,000 has been ascribed to the Warrants and conversion feature of the Debentures. This amount was credited to additional paid-in capital in 1969. The debt discount and related issuance expenses are being amortized over the life of the Debentures.

The Company is required to make prepayments on the Debentures, without premium, of $2,100,000 on October 1 in each of the years 1978 to 1987, and may make optional prepayments, without premium, up to, but not exceeding, the amount of the required prepay-

ments. Additional prepayments on the Debentures may be made, subject to certain provisions of the Agreements, at prices ranging from 105.67% of principal amount in fiscal 1971 to 100% in fiscal 1987. No prepayments have been made to date.

The Company has agreed, among other restrictive covenants, not to declare or pay any dividend, other than in shares of stock of the Company, or to purchase, redeem, or acquire any shares of its stock, if upon giving effect to such dividend or acquisition, the aggregate amount expended for such purposes subsequent to September 30, 1968, exceeds an amount equal to 70% of the aggregate consolidated net income of the Company earned subsequent to September 30, 1968. All of the Company's retained earnings are so restricted at September 30, 1970.

During the year ended September 30, 1970, $222,000 principal amount of the Debentures was converted in exchange for 18,499 shares of Capital Stock of the Company.

Other Long-term Liabilities:

In connection with the acquisition of Jeep Corporation, the Company issued $9,493,482 of 8½% Serial Notes. The Notes are due in five equal annual installments with the final installment due in February, 1975.

Miscellaneous notes and mortgages mature ratably or in gradually reducing amounts to 1974.

Other liabilities include extended product warranty reserves, residual obligations arising from the sale of the appliance operation, and the long-term obligations assumed in connection with acquisitions.

Note F—Stock Options

At September 30, 1970, 568,000 shares of Capital Stock were reserved for issuance to key employees under the restricted stock option plans.

A summary of the transactions for the year ended September 30, 1970, with respect to the stock option plans follows:

	Shares
Options outstanding at October 1, 1969	445,950
Options granted at prices from $6.82 to $8.57 a share	21,000
	466,950
Less options terminated	56,500
Options outstanding at September 30, 1970, at prices ranging from $6.82 to $19.36 a share	410,450

The option prices for options outstanding at September 30, 1970, were not less than 95% of the market value on the date of grant with respect to options granted prior to January 1, 1964, and not less than market value on the date of grant with respect to options granted since that date.

Options for 195,350 shares were exercisable at September 30, 1970.

Note G—Taxes on Income

No recovery of taxes from prior years is available at September 30, 1970. The Company has not recognized possible future tax benefits of approximately $52,000,000 at that date, of which $27,000,000 results from loss carryovers available to offset tax liabilities of future years and $25,000,000 relates to established product warranty and other reserves which are not deductible for tax purposes until payments are made.

Note H—Pension Plans

The principal pension plans of the Company and its subsidiaries are trusteed plans and cover substantially all employees. Total pension cost for the year includes normal costs and amortization of past service costs over periods ranging up to 30 years.

The actuarially computed value of vested benefits for all plans as of the most recent valuation dates exceeded the total of the fund assets by approximately $61,000,000. The Company's general policy is to fund pension costs as they are charged to operations.

Note I—Commitments and Contingent Liabilities

At September 30, 1970, the Company was committed to annual rentals of $4,200,000, exclusive of taxes, insurance, and maintenance, which generally are payable by the Company. The remaining lease periods for these rental agreements range up to 25 years and generally include options for renewal.

In addition, the Company had other commitments and guarantees approximating $38,500,000 incurred in the ordinary course of business for tooling, facilities, equipment, and financing of export sales.

The National Office of the Internal Revenue Service has issued technical advice to the District Director of Internal Revenue in Cleveland, Ohio, which could result in additional excise tax liability to the Company in amounts up to approximately $24,500,000, exclusive of any interest thereon, on sales made to the Department of the Army. However, the Department of the Army has acknowledged its ultimate liability for such tax assessment under the contract tax reimbursement clauses. Further, in connection with the sale of Jeep Corporation to American Motors Corporation, Kaiser Industries Corporation has agreed that it will hold both Jeep and American Motors Corporation harmless from any net liability arising out of the application of such excise tax advice to periods prior to September 30, 1969, which would include approximately $21,500,000 of the amount indicated above.

Note J—Depreciation and Amortization

The cost of property, plant, and equipment is depreciated over the estimated useful lives of the assets. Assets being depreciated by the straight-line method approximate 45% of the total depreciable assets. All other depreciable assets are depreciated by the declining balance method.

Note K—Per Share Results

The computation of earnings (loss*) per share is based upon the average shares of Capital Stock outstanding and Capital Stock equivalents resulting from stock options. The computation of fully diluted earnings (loss*) per share results in no dilution.

Note L—Account Classifications

The account classifications and the working capital at September 30, 1969, have been restated to conform with the account classifications at September 30, 1970.

Accountants' Report

TOUCHE ROSS & CO.

1380 FIRST NATIONAL BUILDING
DETROIT, MICHIGAN 48226
21 EAST LONG LAKE ROAD
BLOOMFIELD HILLS, MICHIGAN 48013

November 16, 1970

To the Board of Directors
and Stockholders
American Motors Corporation
Detroit, Michigan

We have examined the accompanying consolidated balance sheet of American Motors Corporation and consolidated subsidiaries as of September 30, 1970, and the related statements of operations, additional paid-in capital, and sources and applications of working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to the contingencies described in Note A, the consolidated financial statements referred to above present fairly the financial position of American Motors Corporation and consolidated subsidiaries at September 30, 1970, and the results of their operations and the sources and applications of working capital for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross + Co.

Certified Public Accountants

The Company and the Environment

American Motors' concern for environmental quality extends beyond its extensive research programs to minimize emissions from the internal combustion engine, and to develop alternate methods of propulsion (see page eight).

For example, some of the company's activities to meet its responsibilities to society in this vital area are these:

Plant Controls on Pollution: The company's policy is to operate all plants so as to minimize or eliminate actions which could cause harmful air or water pollution. During the past seven years, over $7 million has been spent at manufacturing plants in the U.S. and Canada on the disposal of industrial waste and on environmental controls. Additional major expenditures for pollution controls are planned for 1971 and subsequent years.

Among other measures in 1970, the company undertook development of a control system in a creek which flows through the city of Kenosha, site of the largest American Motors manufacturing complex. The system will provide a second trapping point for accidental oil spillages at company facilities, as well as trapping pollution from other upstream sources.

Environmental Quality Study: The company has inaugurated with the University of Wisconsin, Parkside, a study of environmental quality in southeastern Wisconsin.

By sponsorship of this study, the company hopes to contribute to a more knowledgeable approach to the urgent national problem of maintaining a healthy, humane and natural environment together with essential economic growth.

The company believes this requires a total systems approach, which brings together knowledge of all of the elements that shape the kind of environment in which we live and work—that of the biochemist, the engineer, the soil and water specialist, the economist, the political scientist.

Conservation Awards Program: Since 1953, the company has conducted a nationally-recognized conservation awards program, each year honoring professional conservationists, citizen conservationists and nonprofit organizations for their efforts to preserve the nation's renewable natural resources.

The objective is to focus public attention on the need to safeguard and maintain these resources and to stimulate broader citizen participation.

Since the program was begun 17 years ago, nominations for awards have been made by U.S. supreme court justices, state governors, top corporation executives and leading business, civic and government leaders. Final selections are made by a committee of nationally-known and respected conservation experts.

Corporate Officers and Directors

Clockwise: Gerald C. Meyers, Stuart M. Reed, Marvin W. Stucky, Alan H. Foster, Elmer W. Bernitt, Frank S. Hedge, R. William McNealy, Jr., Iain M. Anderson, William V. Luneburg, Roy D. Chapin, Jr., John C. Secrest, Cruse W. Moss, Marius A. van Merkensteijn, Jack E. Maxwell, John F. Adamson, Walter J. Williams, Frank G. Armstrong, Richard A. Teague. Not in picture, William S. Pickett.

Officers

Roy D. Chapin, Jr.
Chairman of the Board
and Chief Executive Officer

William V. Luneburg
President and Chief Operating Officer

John F. Adamson
Vice President, Engineering
and Research

Iain M. Anderson
Vice President and Controller

Frank G. Armstrong
Vice President, Administration

Elmer W. Bernitt
Vice President, Safety and
Quality Assurance

Alan H. Foster
Vice President and Treasurer

Frank S. Hedge
Vice President, Public Relations

Jack E. Maxwell
Vice President, Corporate Development

R. William McNealy, Jr.
Vice President, Marketing

Gerald C. Meyers
Vice President, Product Development Group

Cruse W. Moss
Vice President

William S. Pickett
Vice President, Dealer and
Distributor Relations

Stuart M. Reed
Vice President, Manufacturing

John C. Secrest
Vice President, Corporate Staffs

Marvin W. Stucky
Vice President, Purchasing

Richard A. Teague
Vice President, Styling

Marius A. van Merkensteijn
Vice President, International Operations

Walter J. Williams
Corporate Secretary and House Counsel

Directors

Roy D. Chapin, Jr.
Chairman of the Board and
Chief Executive Officer
American Motors Corporation
Detroit, Michigan

William V. Luneburg
President and Chief Operating Officer
American Motors Corporation
Detroit, Michigan

Richard E. Cross
Partner
Cross, Wrock, Miller & Vieson
Attorneys at Law
Detroit, Michigan

Edward L. Cushman
Executive Vice President
Wayne State University
Detroit, Michigan

Robert B. Evans
Industrialist
Detroit, Michigan

Stephen A. Girard
Senior Vice President & Director
Kaiser Industries Corporation
Oakland, California

Roy E. Hughes
Executive Vice President
Kaiser Industries Corporation
Oakland, California

J. Willard Marriott
Chairman of the Board
Marriott Corporation
Washington, D.C.

Don G. Mitchell
Chief Executive Officer
American Management Association
New York, New York

Andrew G. C. Sage II
President
Lehman Brothers Incorporated
New York, New York

M. Frederik Smith
Business Consultant
New York, New York

William E. Stirton
Vice President Emeritus
University of Michigan
Ann Arbor, Michigan

Jackson W. Tarver
President, Cox Enterprises, Inc.
Atlanta, Georgia

Alexander B. Trowbridge
President
The Conference Board, Inc.
New York, New York

Paul B. Wishart
Director and Chairman of the Finance
Committee
Honeywell Inc.
Minneapolis, Minnesota

Directory

American Motors Corporation

Corporate Offices:
14250 Plymouth Road, Detroit, Michigan 48232
Telephone: (313) 493-2000

North American Operations:

Manufacturing and Final Assembly Plants, Passenger Cars:
Brampton, Ontario
Kenosha, Wisconsin
Milwaukee, Wisconsin

Manufacturing and Final Assembly Plants, Commercial and Utility Vehicles:
Toledo, Ohio

Manufacturing and Final Assembly Plants, General Products:
Indianapolis, Indiana
Mishawaka, Indiana
South Bend, Indiana

Manufacturing Plants, Other Products:
Evansville, Indiana, precision injection moldings
Evart, Michigan, injection-molded parts
Sarnia, Ontario, engine blocks and castings
Stratford, Ontario, automotive soft trim

Subsidiaries:

Jeep Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Offices: Wayne, Michigan; Washington, D.C.; Toledo, Ohio

Jeep Sales Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Offices:
West Nyack, New York
Pittsburgh, Pa.
Doraville, Georgia
Plymouth, Michigan
Franklin Park, Illinois
Arlington, Texas
Denver, Colorado
Brisbane, California
Portland, Oregon

Jeep International Corporation
14250 Plymouth Road, Detroit, Michigan 48232

American Motors Sales Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Offices:
Stone Mountain, Georgia
Needham Heights, Mass.
Buffalo, New York
Franklin Park, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Dallas, Texas
Denver, Colorado
Detroit, Michigan
Houston, Texas
Jacksonville, Florida
Overland Park, Kansas
El Segundo, California
Memphis, Tennessee
West Allis, Wisconsin
Minneapolis, Minnesota
Elmsford, New York
Delaware County, Pa.
Pittsburgh, Pa.
Portland, Oregon
St. Louis, Missouri
Burlingame, California
McLean, Virginia

American Motors (Canada) Limited
Brampton, Ontario

Offices:
Winnipeg, Manitoba
Burnady, British Columbia
Rexdale, Ontario
Montreal, Quebec

American Motors Pan American Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Canadian Fabricated Products Limited
Stratford, Ontario

Development Credit Corporation
Suite 30, 585 Stewart Avenue, Garden City,
New York 11530

Evart Products Company
Evart, Michigan 49631

Holmes Foundry Limited
Sarnia, Ontario

Jeep of Canada Limited
Brampton, Ontario

Windsor Plastics, Inc.
Evansville, Indiana 47711

International Operations:

Manufacturing and Assembly Plants and Licensees, Passenger Cars:
Argentina: Cordoba
Australia: Melbourne
Costa Rica: San Jose
Iran: Teheran
Mexico: Mexico City
New Zealand: Auckland
Peru: Lima
Philippines: Manila
South Africa: Durban
Venezuela: Mariara

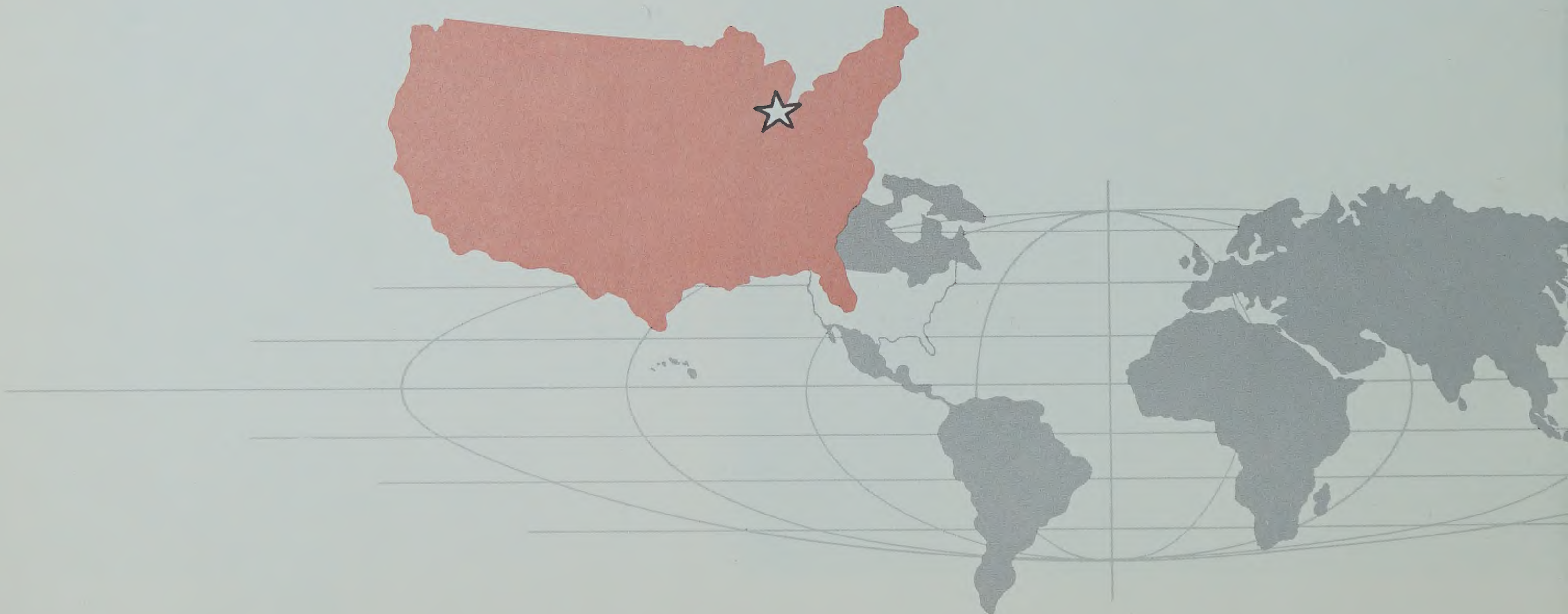
Manufacturing and Assembly Plants and Licensees, Commercial and Utility Vehicles:
Argentina: Cordoba
Australia: Brisbane
Ceylon: Colombo
Chile: Santiago
Colombia: Bogota
Costa Rica: San Jose
France: Paris
India: Bombay
Indonesia: Djakarta
Iran: Teheran
Israel: Haifa
Japan: Tokyo
Korea: Seoul
Malagasy Republic: Tananarive
Mexico: Mexico City
Morocco: Casablanca
New Zealand: Auckland
West Pakistan: Karachi
Philippines: Manila
Portugal: Lisbon
South Africa: Pretoria
Spain: Zaragoza
Taiwan: Taipei
Thailand: Bangkok
Turkey: Tuzla
Uruguay: Montevideo
Venezuela: Tejerias
Zambia: Lusaka

Subsidiaries and Affiliated Companies:
A.M.C. De Venezuela, C.A., Caracas, Venezuela
American Motors Del Peru, Lima, Peru
American Motors South Africa (Pty.) Ltd., Johannesburg, Republic of South Africa
Auto Tecnica, S.A., San Jose, Costa Rica
Constructora Venezolana de Vehiculos, C.A., Caracas, Venezuela
Ensambladora Centroamericana, S.A., San Jose, Costa Rica
IKA-Renault, S.A., Buenos Aires, Argentina
Industria Automotoriz Peruana, S.A., Lima, Peru
Jeep Caracas, Caracas, Venezuela
Jeep Overseas, S.A., Zurich, Switzerland
Mahindra & Mahindra Ltd., Bombay, India
Permanente, S.A., Buenos Aires, Argentina
Rambler Motors (A.M.C.) Limited, London, England
Turk Willys Overland Fabrikalari, A.S., Istanbul, Turkey
Vehiculos Automotores Mexicanos, S.A., Mexico, D.F. Mexico
Willys de Venezuela, S.A., Tejerias, Venezuela
Willys Motors (Australia) Pty., Ltd., Brisbane, Australia

Litho in U.S.A.

Directory

American Motors Corporation



Corporate Offices:

14250 Plymouth Road, Detroit, Michigan 48232
Telephone: (313) 493-2000

North American Operations:

Manufacturing and Final Assembly Plants, Passenger Cars:

Brampton, Ontario
Kenosha, Wisconsin
Milwaukee, Wisconsin

Manufacturing and Final Assembly Plants, Commercial and Utility Vehicles:

Toledo, Ohio

Manufacturing and Final Assembly Plants, General Products:

Indianapolis, Indiana
Mishawaka, Indiana
South Bend, Indiana

Manufacturing Plants, Other Products:

Evansville, Indiana, precision injection moldings
Evart, Michigan, injection-molded parts
Sarnia, Ontario, engine blocks and castings
Stratford, Ontario, automotive soft trim

Subsidiaries:

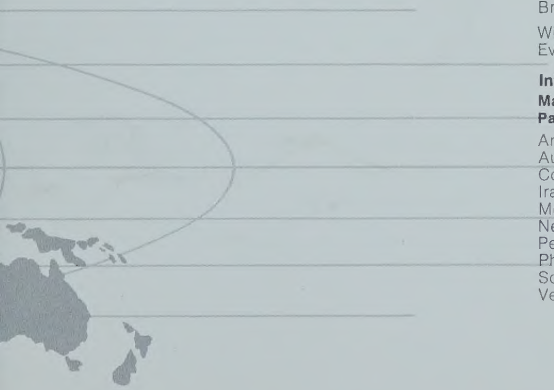
Jeep Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Offices: Wayne, Michigan; Washington, D.C.; Toledo, Ohio

Jeep Sales Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Offices:

West Nyack, New York
Pittsburgh, Pa.
Doraville, Georgia
Plymouth, Michigan
Franklin Park, Illinois
Arlington, Texas
Denver, Colorado
Brisbane, California
Portland, Oregon



Jeep International Corporation
14250 Plymouth Road, Detroit, Michigan 48232

American Motors Sales Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Offices:

Stone Mountain, Georgia
Needham Heights, Mass.
Buffalo, New York
Franklin Park, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Dallas, Texas
Denver, Colorado
Detroit, Michigan
Houston, Texas
Jacksonville, Florida
Overland Park, Kansas
El Segundo, California
Memphis, Tennessee
West Allis, Wisconsin
Minneapolis, Minnesota
Elmsford, New York
Delaware County, Pa.
Pittsburgh, Pa.
Portland, Oregon
St. Louis, Missouri
Burlingame, California
McLean, Virginia

American Motors (Canada) Limited
Brampton, Ontario

Offices:

Winnipeg, Manitoba
Burnady, British Columbia
Rexdale, Ontario
Montreal, Quebec

American Motors Pan American Corporation
14250 Plymouth Road, Detroit, Michigan 48232

Canadian Fabricated Products Limited
Stratford, Ontario

Development Credit Corporation
Suite 30, 585 Stewart Avenue, Garden City, New York 11530

Evart Products Company
Evart, Michigan 49631

Holmes Foundry Limited
Sarnia, Ontario

Jeep of Canada Limited
Brampton, Ontario

Windsor Plastics, Inc.
Evansville, Indiana 47711

International Operations:

Manufacturing and Assembly Plants and Licensees, Passenger Cars:

Argentina: Cordoba
Australia: Melbourne
Costa Rica: San Jose
Iran: Teheran
Mexico: Mexico City
New Zealand: Auckland
Peru: Lima
Philippines: Manila
South Africa: Durban
Venezuela: Mariara

Manufacturing and Assembly Plants and Licensees, Commercial and Utility Vehicles:

Argentina: Cordoba
Australia: Brisbane
Ceylon: Colombo
Chile: Santiago
Colombia: Bogota
Costa Rica: San Jose
France: Paris
India: Bombay
Indonesia: Djakarta
Iran: Teheran
Israel: Haifa
Japan: Tokyo
Korea: Seoul
Malagasy Republic: Tananarive
Mexico: Mexico City
Morocco: Casablanca
New Zealand: Auckland
West Pakistan: Karachi
Philippines: Manila
Portugal: Lisbon
South Africa: Pretoria
Spain: Zaragoza
Taiwan: Taipei
Thailand: Bangkok
Turkey: Tuzla
Uruguay: Montevideo
Venezuela: Tejerias
Zambia: Lusaka

Subsidiaries and Affiliated Companies:

A.M.C. De Venezuela, C.A., Caracas, Venezuela
American Motors Del Peru, Lima, Peru
American Motors South Africa (Pty.) Ltd., Johannesburg, Republic of South Africa
Auto Tecnica, S.A., San Jose, Costa Rica
Constructora Venezolana de Vehiculos, C.A., Caracas, Venezuela
Ensambladora Centroamericana, S.A., San Jose, Costa Rica
IKA-Renault, S.A., Buenos Aires, Argentina
Industria Automotoriz Peruana, S.A., Lima, Peru
Jeep Caracas, Caracas, Venezuela
Jeep Overseas, S.A., Zurich, Switzerland
Mahindra & Mahindra Ltd., Bombay, India
Permanente, S.A., Buenos Aires, Argentina
Rambler Motors (A.M.C.) Limited, London, England
Turk Willys Overland Fabrikalari, A.S., Istanbul, Turkey
Vehiculos Automotores Mexicanos, S.A., Mexico, D.F. Mexico
Willys de Venezuela, S.A., Tejerias, Venezuela
Willys Motors (Australia) Pty., Ltd., Brisbane, Australia

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